



**Clarification Regarding Application of Developer Cap in April 10, 2019  
Adjustable Block Program Lottery**

The Agency has received inquiries about the operation of the Developer Cap, as described in Section D of the Lottery Procedure, that governed the lotteries held on April 10, 2019 for three Group/category combinations (Group A, Large Distributed Generation; Group A, Community Solar; and Group B, Community Solar) in the Adjustable Block Program. This communication is to clarify certain issues raised by those inquiries, as well as to explain an error affecting one project that was discovered on April 11, 2019.

Under Section D of the Lottery Procedure published on November 28, 2018, the randomly generated rank order (using the microsecond time seed and the SQL rand() function) of project applications is used as an input to the developer cap algorithm, which makes certain adjustments to the rank order resulting from the lottery in a Group/category combination in the event that:

- (1) an affiliated family of developers is awarded over 20 percent (by megawatt) of the REC incentives for 200% of Block 1; and/or
- (2) an affiliated family of developers is awarded over 20 percent (by megawatt) of the REC incentives for Block 3, after considering any Block 1 adjustments made pursuant to (1) above.

The Agency wishes to clarify whether the Developer Cap works to exclude a developer family's projects from a block starting with (i) the first project that partially crosses the 20% threshold, or (ii) the first project that fully sits above the 20% threshold. The Agency implemented the Developer Cap based on the second interpretation: a developer family's project that partially sits within the 20% maximum allocation and partially above the 20% limit is allowed to stay in the block, but the developer family's next project (along with the family's subsequent projects in the block) is excluded from the block and moved to the next block. The Agency's reasons for its approach are as follows:

First, the first possible interpretation discussed in the paragraph immediately above would create an effective project size limit of 1.1 megawatts in Group A, Block 3 for each of the Large Distributed Generation lottery and Community Solar lottery, where the total allocated capacity, per the Illinois Commerce Commission's April 3, 2018 Order in Docket No. 17-0838, is 5.5 megawatts. As no such project size limit was ever discussed at any point in the Docket No. 17-0838 administrative litigation or the Agency's stakeholder comment processes in the fall of 2018 (nor in the Agency's Lottery Procedure and Lottery Guidance Document published November 28, 2018), and would seemingly run contrary to the plain language of Public Act 99-0906 that allows distributed generation and community solar projects of up to 2 megawatts in the

Adjustable Block Program, the Agency did not implement this approach in order to avoid this absurd and likely unlawful result. Second, the Agency's general approach in the Lottery Procedure has been to allow projects to fit within allocated size limits if they partially cross the limit: see paragraph B.3 of the Lottery Procedure ("In the event that the last project selected in a Group/category would exceed the capacity allocated to the lottery (200% of Block 1 for DG, 100% of Block 1 for each round of community solar), that project would be approved in its entirety"). This principle was applied to the Developer Cap as well, which makes the second approach described in the paragraph immediately above the most natural interpretation.

In addition to the interpretive issue discussed above, the Agency wishes to disclose that upon investigation on April 11, 2019, it determined that the operation of the Developer Cap algorithm failed to correctly operate in one instance in Group A, Community Solar (<http://illinoisabp.com/wp-content/uploads/2019/04/Lottery-Results-CS-A-Report.pdf>). The project with application ID number 4552 (650 kW) was selected for Block 3 following the lottery (including operation of the Developer Cap), but because another project (application ID number 4650, 2,000 kW) owned by the same developer family was selected earlier in Block 3, and the total of these two projects was over 20 percent of Block 3 (which totals 5,500 kW in Group A), project number 4552 should have been moved to the post-Block 3 waitlist, which effectively means moved to Block 4 given the existence of discretionary capacity in Group A, Community Solar per the Agency's April 3, 2019 announcement.<sup>1</sup> The Agency is now making that correction to the status of project number 4552 and regrets the error.

No further addition to Block 3 (from the first projects in Block 4) is warranted due to this change, because after this adjustment, Block 3 has a total of 5,750 kW (exceeding the allocated 5,500 kW) from its three remaining projects. Additionally, no removal from Block 4 to the post-Block 4 waitlist (from the last projects in Block 4) is warranted due to this change, because after making project number 4552 the new first project in Block 4, the now-sixth (formerly fifth) project in Block 4 (ID# 920; 2,000 kW) brings Block 4 to a cumulative total of 10,650 kW, leaving space to accept the now-seventh and last (formerly sixth and last) project in Block 4 (ID# 4470; 2,000 kW), which brings Block 4 to 12,650 kW.<sup>2</sup>

The Agency will contemporaneously publish a revised lottery results table for Group A, Community Solar on the Adjustable Block Program website (<http://illinoisabp.com/block-1-lottery>).

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<sup>1</sup> The selection of projects for Block 4 was not formally part of the Lottery Procedure, although the Block 4 selection from the waitlist was made immediately subsequent to each lottery and published together with the lottery results.

<sup>2</sup> The Agency's April 3, 2019 discretionary allocation of Program capacity gave 12,000 kW to Group A, Community Solar, Block 4; as noted above, the Agency's policy has been to allow a project that partially fits within a block's allocated size, but partially crosses the limit, to be selected for the block.